

WAYNE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wayne County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2006, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 15, 45 and 46 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Board of County Commissioners
Wayne County
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Wayne County. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 1, 2006
Richfield, Utah

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Wayne County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2005. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and conservation and economic development.

Amounts are in thousands of dollars, unless otherwise indicated.

Financial Highlights

- ◆ The assets of Wayne County exceeded its liabilities as of the close of the most recent year by \$15,979 (*net assets*). Of this amount, \$838 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$605. The revenues were less than the final budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Wayne County governmental funds reported combined ending fund balances of \$1,088. Approximately 77 percent of this total amount, \$838 is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$565, or 30 percent of total general fund expenditures.
- ◆ Wayne County's total debt decreased by \$177 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Wayne County's basic financial statements. Wayne County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Wayne County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Wayne County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Wayne County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Wayne County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Wayne County include general government, public safety, public health, highways and public improvements, parks and recreation, and conservation and economic development.

The government-wide financial statements include not only Wayne County itself (known as the primary government), but also two legally separate special service districts, one for garbage and sanitation services and one for roads, and facilities for flood control, hospital, recreation and any other lawful public facilities. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wayne County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Wayne County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Wayne County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the B-Road fund both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Wayne County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Wayne County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Wayne County.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Wayne County, assets exceeded liabilities by \$15,979 at the close of the most recent fiscal year.

By far the largest portion of Wayne County's net assets (93 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Wayne County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Wayne County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Wayne County's Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Current and other assets	945	1,486
Capital assets	15,051	15,383
Total assets	<u>15,996</u>	<u>16,869</u>
Long-term Liabilities outstanding	305	318
Other liabilities	219	572
Total liabilities	<u>524</u>	<u>890</u>
Net Assets:		
Invested in capital assets, net of related debt	14,578	14,892
Restricted	304	249
Unrestricted	<u>590</u>	<u>838</u>
Total net assets	<u>15,472</u>	<u>15,979</u>

A portion of Wayne County's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$838) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Wayne County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities

Governmental activities increased Wayne County's net assets by \$193. Key elements of this increase are as follows:

Wayne County's Changes in Net Assets

Governmental Activities

	<u>2004</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges for services	470	483
Operating grants and contributions	1,121	1,710
General revenues:		
Property taxes	453	481
Other taxes	336	403
Federal Payment in Lieu of Taxes	240	234
Unrestricted investment earnings	13	34
Other	-11	0
Total revenues	<u>2,622</u>	<u>3,345</u>
Expenses:		
General government	708	825
Public safety	626	787
Public health	37	40
Highways and public improvements	783	823
Parks and Recreation	70	98
Economic Development	132	116
Interest on long-term debt	19	20
Culture & Recreation	37	31
Total expense	<u>2,412</u>	<u>2,740</u>
Increase in net assets before transfers	210	605
Transfers	0	0
Increase in net assets	210	605
Net assets – beginning	15,262	15,374
Net assets – ending	<u>15,472</u>	<u>15,979</u>

Financial Analysis of the Government's Funds

As noted earlier, Wayne County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Wayne County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Wayne County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year. At the end of the year, Wayne County's governmental funds reported combined ending fund balances of \$1,088. Approximately 77 percent of this amount (\$838) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements (\$220), and 2) to landfill (\$29).

The general fund is the chief operating fund of Wayne County. At the end of the current year, unreserved fund balance of the general fund was \$565. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 30 percent of total general fund expenditures.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$ can be briefly summarized as follows:

- ◆ \$55 decrease in general government
- ◆ \$73 increase in public safety.
- ◆ \$11 decrease in parks and recreation
- ◆ \$7 decrease in conservation and economic development

Of this increase, \$0 was funded out of prior year unreserved fund balance. During the year, however, actual revenues were more than budgeted revenues by \$4, and actual expenditures were less than budgeted expenditures by \$50 resulting in a net increase in fund balance of \$54

Capital Asset and Debt Administration

Capital assets

Wayne County's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$15,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total increase in Wayne County's investment in capital assets for the current year was \$166.

Major capital asset events during the current year included the following:

- ◆ Road and heavy equipment purchases of \$90.
- ◆ Public Safety Autos of \$49.
- ◆ Emergency Management \$18.

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Wayne County's Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Land	2,077	2,077
Infrastructure	11,724	11,724
Construction in Prog.	0	421
Buildings	742	615
Equipment	508	546
Total	<u>15,051</u>	<u>15,383</u>

Additional information on Wayne's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Wayne had total bonded debt outstanding of \$439. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Wayne's Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Revenue Bonds	439	462

Additional information on Wayne County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- ◆ The unemployment rate for Wayne County is 4.7 percent which is an decrease from a rate of 5.0 a year ago. This is about equal to the state's average unemployment rate of 5.1 percent.
- ◆ The collection of property taxes in Wayne County is a major revenue source. The tax rates were not increased in 2005. The County collected \$481 in property tax in 2005.

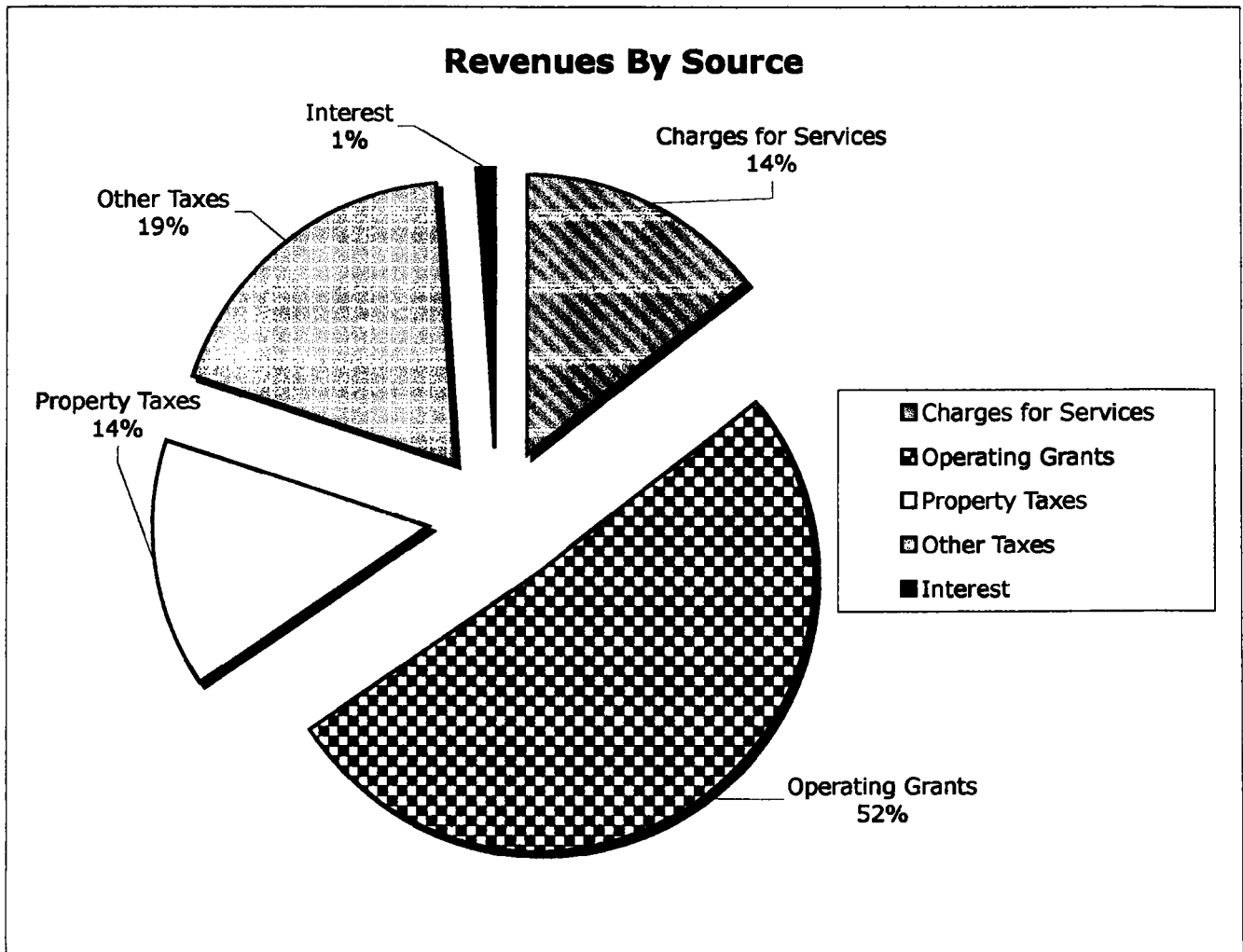
These factors were considered in preparing Wayne County's budget for the 2005 year.

Requests for Information

This financial report is designed to provide a general overview of Wayne County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Wayne County Clerk/Auditor, 18 South Main, Loa, UT 84747

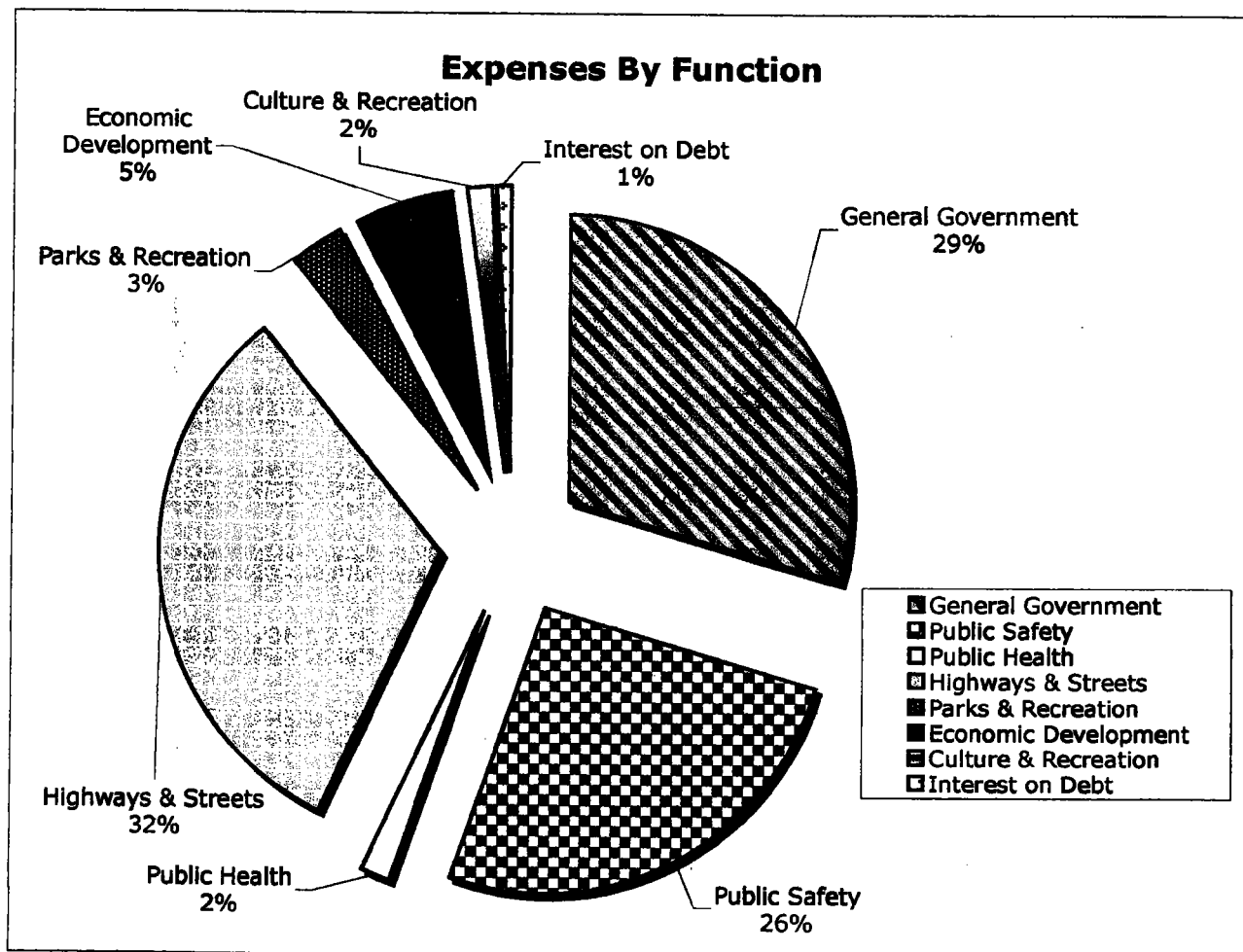
**Wayne County
Revenues By Source
For The Year Ended December 31, 2005**

Charges for Services	483,000
Operating Grants	1,710,158
Property Taxes	481,213
Other Taxes	637,197
Interest	<u>33,671</u>
Total	<u><u>3,345,239</u></u>



**Wayne County
Expenses By Function
For The Year Ended December 31, 2005**

General Government	708,151
Public Safety	625,637
Public Health	37,497
Highways & Streets	782,839
Parks & Recreation	69,897
Economic Development	132,168
Culture & Recreation	37,039
Interest on Debt	19,403
Total	<u>2,412,631</u>



BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY
STATEMENT OF NET ASSETS**

December 31, 2005

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	1,078,666	868,669
Accounts Receivable (Net)	74,190	2,000
Due From Other Government Units	145,936	-
Total Current Assets	<u>1,298,792</u>	<u>870,669</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	187,566	-
Capital Assets (Net of Accumulated Depreciation):		
Land	2,077,050	2,000
Buildings	614,525	124,175
Improvements Other Than Buildings	-	2,510
Equipment	545,873	309,766
Construction in Progress	421,272	-
Infrastructure	11,724,000	-
Total Noncurrent Assets	<u>15,570,286</u>	<u>438,451</u>
TOTAL ASSETS	<u><u>16,869,078</u></u>	<u><u>1,309,120</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	351,964	-
Accrued Liabilities	32,782	-
Bond Interest Payable	1,250	-
Revenue Bonds Payable - Due Within One Year	186,183	35,000
Total Current Liabilities	<u>572,179</u>	<u>35,000</u>
Noncurrent Liabilities:		
Landfill Closure and Postclosure Costs	14,000	-
Revenue Bonds Payable - More Than One Year	276,000	366,000
Compensated Absences	27,651	-
Total Noncurrent Liabilities	<u>317,651</u>	<u>366,000</u>
TOTAL LIABILITIES	<u>889,830</u>	<u>401,000</u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	14,891,636	37,451
Restricted For:		
Class B Road	72,629	-
Class B Road Bond Reserves	148,000	-
Landfill Postclosure Costs	28,566	-
Unrestricted	838,417	870,669
TOTAL NET ASSETS	<u>15,979,248</u>	<u>908,120</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>16,869,078</u></u>	<u><u>1,309,120</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2005

Function/Programs Primary Government: Governmental Activities:	Expenses	Program Revenues		Net (Expense) Revenues Changes in Net Assets
		Charges for Services	Operating Grants/ Contributions	
General Government	825,210	239,495	314,029	(271,686)
Public Safety	787,141	-	7,676	(779,465)
Public Health	40,317	114,271	-	73,954
Highways and Public Improvements	822,911	58,702	943,895	179,686
Park and Recreation	97,526	-	-	(97,526)
Economic Development	116,051	-	44,558	(71,493)
Culture and Recreation	31,410	70,532	400,000	439,122
Interest on Long-Term Debt	19,753	-	-	(19,753)
Total Primary Government	<u>2,740,319</u>	<u>483,000</u>	<u>1,710,158</u>	<u>(547,161)</u>
Component Units:				
Governmental Type:				
Road District	242,622	-	-	(242,622)
Sanitation District	<u>317,763</u>	<u>193,654</u>	<u>125,628</u>	<u>1,519</u>
Total Component Units	<u>560,385</u>	<u>193,654</u>	<u>125,628</u>	<u>(241,103)</u>
General Revenues:				
Property Taxes		481,213		-
Fee-In-Lieu of Property Taxes		67,283		-
Transient Room Tax		98,006		-
Restaurant Tax		35,008		-
Sales Taxes		202,536		-
Federal Payments in Lieu of Taxes		234,364		-
Grants and Contributions Not Restricted to Specific Programs		-		249,106
Unrestricted Investment Earnings		<u>33,671</u>		<u>1,500</u>
Total General Revenues and Transfers		<u>1,152,081</u>		<u>250,606</u>
Change in Net Assets		604,920		9,503
Net Assets - Beginning		<u>15,374,328</u>		<u>898,617</u>
Net Assets - Ending		<u>15,979,248</u>		<u>908,120</u>

The notes to the financial statements are an integral part of this statement.

**WAYNE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2005

	<u>General Fund</u>	<u>Class B Roads Fund</u>	<u>Municipal Building Authority</u>	<u>Non-Major T.V. Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	705,229	74,692	411,093	75,218	1,266,232
Accounts Receivable (Net)	38,000	36,190	-	-	74,190
Due From Other Government Units	-	145,936	-	-	145,936
TOTAL ASSETS	<u>743,229</u>	<u>256,818</u>	<u>411,093</u>	<u>75,218</u>	<u>1,486,358</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	102,386	36,189	213,389	-	351,964
Accrued Liabilities	32,782	-	-	-	32,782
Accrued Landfill Costs	14,000	-	-	-	14,000
Total Liabilities	<u>149,168</u>	<u>36,189</u>	<u>213,389</u>	<u>-</u>	<u>398,746</u>
Fund Balances:					
Reserved For:					
Class "B" Road	-	79,829	-	-	79,829
Bond Reserves	-	140,800	-	-	140,800
Landfill Postclosure	28,566	-	-	-	28,566
Unreserved, Reported In:					
General Fund	565,495	-	-	-	565,495
Special Revenue Funds	-	-	197,704	75,218	272,922
Total Fund Balance	<u>594,061</u>	<u>220,629</u>	<u>197,704</u>	<u>75,218</u>	<u>1,087,612</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>743,229</u>	<u>256,818</u>	<u>411,093</u>	<u>75,218</u>	<u>1,486,358</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2005

Total Fund Balances - Governmental Fund Types	1,087,612
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	2,077,050	
Buildings	614,525	
Equipment	545,873	
Construction in Progress	421,272	
Infrastrucure	<u>11,724,000</u>	
 Total		 15,382,720

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds:

Revenue Bonds	(462,183)	
Bond Interest Payable	(1,250)	
Compensated Absences	<u>(27,651)</u>	
 Total		 <u>(491,084)</u>

Net Assets of Government Activities	<u><u>15,979,248</u></u>
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WAYNE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2005

	General Fund	Class B Roads Fund	Municipal Building Authority	Non-Major T.V. Fund	Total Governmental Funds
Revenues:					
Property Tax	481,213	-	-	-	481,213
Fee-In-Lieu of Property Tax	67,283	-	-	-	67,283
Sales Tax	202,536	-	-	-	202,536
Transient Room Tax	98,006	-	-	-	98,006
Restaurant Tax	35,008	-	-	-	35,008
Licenses and Permits	52,274	-	-	-	52,274
Intergovernmental	618,683	925,838	400,000	-	1,944,521
Charges for Services	265,200	-	-	40,617	305,817
Fines and Forfeitures	69,312	-	-	-	69,312
Interest	14,862	7,000	11,812	-	33,674
Miscellaneous	34,736	2,843	18,016	-	55,595
Total Revenues	1,939,113	935,681	429,828	40,617	3,345,239
Expenditures:					
Current:					
General Government	805,481	-	-	-	805,481
Public Safety	765,543	-	-	-	765,543
Public Health	29,680	-	-	-	29,680
Highways and Public Improvements	-	731,369	-	-	731,369
Parks and Recreation	87,026	-	-	-	87,026
Economic Development	116,051	-	-	-	116,051
Culture and Recreation	-	-	198	31,212	31,410
Debt Service:					
Principal	13,507	157,000	6,000	-	176,507
Interest	1,384	13,445	6,174	-	21,003
Capital Outlay	66,355	89,702	421,272	10,380	587,709
Total Expenditures	1,885,027	991,516	433,644	41,592	3,351,779
Net Change In Fund Balance	54,086	(55,835)	(3,816)	(975)	(6,540)
Other Financing sources (Uses):					
Loan Proceeds	-	-	200,000	-	200,000
Fund Balance - Beginning	539,975	276,464	1,520	76,193	894,152
Fund Balance - Ending	594,061	220,629	197,704	75,218	1,087,612

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	193,460
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	587,709	
Depreciation	<u>(158,320)</u>	
Total		429,389

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond Proceeds	(200,000)	
Bond Principal Payments	<u>176,507</u>	
Total		(23,493)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Bond Interest Payable	1,250	
Compensated Absences	<u>4,314</u>	
Total		<u>5,564</u>

Changes In Net Assets of Governmental Activities	<u><u>604,920</u></u>
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**WAYNE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2005

ASSETS:

Cash and Investments	(18,912)
Property Taxes Receivable	<u>36,370</u>
TOTAL ASSETS	<u>17,458</u>

LIABILITIES:

Collections Payable	<u>17,458</u>
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FIDUCIARY NET ASSETS:

Net Assets	<u>-</u>
TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u>17,458</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Wayne County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of various fund types and the results of operations of the various fund types. The financial statements are presented for the year ended December 31, 2005.

A. Reporting Entity:

For financial reporting purposes, Wayne County has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Wayne County (the primary government) and its component units. The component units, the Special Service District #1 and the Sanitation Special Service District are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Complete financial statements of the individual component units, which issued separate financial statements, can be obtained from the Wayne County Clerk's office in Loa, Utah.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the districts. These districts were organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component unit column of the combined financial statements includes the financial data of the following entities:

- * Wayne County Special Service District #1 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a Special Service District by the Wayne County Commissioners on January 4, 1989 for the purpose of improving roads, public health, hospital, recreation, or other areas allowed by Section 11-23-4 of the State of Utah code. The Special Service Districts administrative control board consists of three (3) members, each of whom was appointed by the County Board of Commissioners.

**WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * Wayne County Sanitation Special Service District (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a Special Service District by the Wayne County Commissioners on July 6, 1993 for the purpose of construction, repair and maintenance of all facilities and to provide total garbage and sanitation services to all unincorporated and incorporated areas in Wayne County. The special Service District's administration control board consists of five (5) members, each of whom was appointed by the County Board of Commissioners.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wayne County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Municipal Building Authority constructs facilities and leases these facilities to the County for County purposes.

The Government also reports the following Other Governmental Funds:

The TV Fund receives money from fees charged to County residences to fund the expenditures for maintenance of the television facilities.

Additionally the Government reports the following fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer and paid to the taxing entities within the County.

The Justice Court Trust Fund collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

The District Court Trust Fund which collects fines and bail monies in the District Court and remits the monies to the appropriate agencies and parties to the court actions.

**WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Equipment	5 - 10 Years

Compensated Absences:

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 144 hours of vacation pay to be carried over from year to year.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes:

Property taxes are assessed and collected for the County by Wayne County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the combined balance sheet as "Cash and Investments."

Deposits:

At December 31, 2005, the carrying amount of Wayne County's deposits for the primary government was \$977,895 and the bank balance was \$894,539. Of the bank balance \$100,000 was covered by federal depository insurance. At December 31, 2005, the carrying amount of the component unit's deposits was \$63,843 and the bank balance was \$63,843. All of the bank balance was covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for deposit of public money at individual financial institutions.

Primary Government:

Cash and investments as of December 31, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	980,872
Investments - PTIF	254,994
Construction Escrow	<u>11,454</u>
Total Cash and Investments	<u><u>1,247,320</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	1,078,666
Governmental Activities - Restricted	<u>187,566</u>
Total Cash and Cash Equivalents	<u><u>1,266,232</u></u>

**WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Component Units:

Cash and investments as of December 31, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	63,843
Investments - PTIF	<u>804,826</u>
Total Cash and Investments	<u><u>868,669</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	<u><u>868,669</u></u>
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The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The County maintains no investment policy containing any specific provisions intended to limit the County's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The County's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the County are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. Of the County's demand deposits, \$100,000 was covered by FDIC insurance. The PTIF pool has not been rated.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - TRANSIENT ROOM TAX

Monies received by the County for transient room tax are designated to be expended for certain specified purposes. Two-thirds of these funds are transferred to the Wayne County Travel Council, a 501C-3 organization, that uses these funds to promote Wayne County.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2005, was as follows:

Capital Assets (Primary Government):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	330,450	-	-	330,450
Land Under Roads	436,650	-	-	436,650
Land - Rights of Way	1,309,950	-	-	1,309,950
Infrastructure	11,724,000	-	-	11,724,000
Construction In Progress	-	421,272	-	421,272
 Total Capital Assets Not Being Depreciated	<u>13,801,050</u>	<u>421,272</u>	<u>-</u>	<u>14,222,322</u>
 Capital Assets Being Depreciated:				
Buildings	1,203,000	-	-	1,203,000
Equipment	1,085,826	166,437	-	1,252,263
 Total Capital Assets Being Depreciated	<u>2,288,826</u>	<u>166,437</u>	<u>-</u>	<u>2,455,263</u>
 Less Accumulated Depreciation For:				
Buildings	558,400	30,075	-	588,475
Equipment	578,145	128,245	-	706,390
 Total Accumulated Depreciation	<u>1,136,545</u>	<u>158,320</u>	<u>-</u>	<u>1,294,865</u>
 Total Capital Assets Being Depreciated (Net)	<u>1,152,281</u>	<u>8,117</u>	<u>-</u>	<u>1,160,398</u>
 Governmental Activities Capital Assets, Net	<u><u>14,953,331</u></u>	<u><u>429,389</u></u>	<u><u>-</u></u>	<u><u>15,382,720</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>
General Government	27,995
Public Safety	33,755
Public Health	1,500
Highways and Public Improvements	<u>95,070</u>
Total Depreciation Expense	<u><u>158,320</u></u>

Component Units:

Statement of Changes in Capital Assets (Component Units) as of December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Capital Assets Being Depreciated:				
Buildings	172,531	-	-	172,531
Improvements	12,500	-	-	12,500
Equipment	<u>475,000</u>	<u>178,740</u>	<u>-</u>	<u>653,740</u>
Total Capital Assets Being Depreciated	<u>660,031</u>	<u>178,740</u>	<u>-</u>	<u>838,771</u>
Less Accumulated Depreciation For:				
Buildings	44,178	4,178	-	48,356
Improvements	9,160	830	-	9,990
Equipment	<u>276,600</u>	<u>67,374</u>	<u>-</u>	<u>343,974</u>
Total Accumulated Depreciation	<u>329,938</u>	<u>72,382</u>	<u>-</u>	<u>402,320</u>
Total Capital Assets Being Depreciated (Net)	<u>330,093</u>	<u>106,358</u>	<u>-</u>	<u>436,451</u>
Governmental Activities Capital Assets, Net	<u><u>332,093</u></u>	<u><u>106,358</u></u>	<u><u>-</u></u>	<u><u>438,451</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 5 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Closure and Postclosure Care Cost - Municipal Solid Waste Landfill - Class IV:

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste. The final closure of this Class IV Landfill shall consist of leveling waste to the extent practicable, covering with a minimum of two feet of earthen material, and seeding with grass according to the closure plan contained in the permit applications. Wayne County shall also meet the requirements of UAC R315-302-2(6) by recording with the Wayne County Recorder, as part of the record of title, that the property has been used as a landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as expenditure in the General Fund each period based on landfill capacity used as of each balance sheet date. The \$1,150 reported as landfill closure and postclosure care liability for the Class IV Landfill at December 31, 2005, represents the cumulative amount reported to date based on the use of less than 15% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,450 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close the landfill in the year 2095. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2005, investments of \$3,000 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Closure and Postclosure Care Cost - Municipal Solid Waste Landfill - Class II:

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the General Fund each period based on landfill capacity used as of each balance sheet date. The \$12,250 reported as landfill closure and postclosure care liability at December 31, 2005, represents the cumulative amount reported to date based on the use of less than 10% of the estimated capacity of the landfill.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 5 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The County will recognize the remaining estimated cost of closure and postclosure care of \$27,550 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close the landfill in the year 2095. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2005, investments of \$25,566 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 6 - LONG-TERM DEBT

Primary Government

Class B Road Excise Bond:

On August 17, 1998, Wayne County authorized the issuance of the Wayne County, Utah Excise Tax Road Bonds, Series 1998, in the amount of \$1,136,000 for the purpose of defraying a part of the cost of constructing additions and improvements to certain Class B Roads within the County.

The bond requires the County to deposit \$113,600 into a Wayne County, Utah, Series 1998 Debt Service Reserve Fund. The balance of the reserve fund at year end was \$148,000.

The terms of the bond require quarterly payments of approximately \$42,000 including interest at the rate of 4.35%. The following is a schedule of debt service payment to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	<u>166,000</u>	<u>4,286</u>	<u>170,286</u>

Community Impact Board Loan - Bicknell Building:

The County secured a loan from the Community Impact Board for \$100,000 for the purpose of constructing a distance education building in Bicknell, Utah. The terms of the loan require yearly payments on September 1, 2003 and for the following four years in the amount of \$6,000. The payment then increases on September 1, 2008 and for the following nine years to \$7,000.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	6,000	-	6,000
2007	6,000	-	6,000
2008	7,000	-	7,000
2009	7,000	-	7,000
2010	7,000	-	7,000
2011-2015	35,000	-	35,000
2016-2020	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Total	<u>82,000</u>	<u>-</u>	<u>82,000</u>

Community Impact Board Loan - Community Center:

During the year the County obtained a loan from the community Impact Board for \$200,000. The purpose of the loan was for financing the costs of acquiring and constructing a community center. The terms of the loan call for yearly payments of \$6,000 for 10 years and \$7,000 for 20 years. The bonds are interest free bonds.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	-	-	-
2007	6,000	-	6,000
2008	6,000	-	6,000
2009	6,000	-	6,000
2010	6,000	-	6,000
2011-2015	30,000	-	30,000
2016-2020	35,000	-	35,000
2021-2025	35,000	-	35,000
2026-2030	35,000	-	35,000
2031-2035	35,000	-	35,000
2036	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total	<u>200,000</u>	<u>-</u>	<u>200,000</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Ambulance Loan:

During 2002 the County borrowed \$65,000 form Far West Bank for the purpose of acquiring an ambulance. The terms of the loan require annual payments of \$14,891.61 including interest at 5%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	<u>14,183</u>	<u>709</u>	<u>14,892</u>

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	186,183	4,995	191,178
2007	12,000	-	12,000
2008	13,000	-	13,000
2009	13,000	-	13,000
2010	13,000	-	13,000
2011-2015	65,000	-	65,000
2016-2020	49,000	-	49,000
2021-2025	35,000	-	35,000
2026-2030	35,000	-	35,000
2031-2035	35,000	-	35,000
2036	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total	<u>462,183</u>	<u>4,995</u>	<u>467,178</u>

The following is a statement of changes in Long-Term Debt:

	Balance December 31, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2005</u>
Class B Road Excise Bond	323,000	-	157,000	166,000
CIB Bond - Bicknell Building	88,000	-	6,000	82,000
CIB Bond - Community Center	-	200,000	-	200,000
Ambulance Loan - FWB	<u>27,690</u>	<u>-</u>	<u>13,507</u>	<u>14,183</u>
	<u>438,690</u>	<u>200,000</u>	<u>176,507</u>	<u>462,183</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

At December 31, 2005, the County was liable for accrued vacation pay. The liability computed according to the personnel policy is \$27,651.

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Compensated Absences	<u>31,965</u>	<u>-</u>	<u>4,314</u>	<u>27,651</u>

Component Units:

Loans Payable:

The following is a statement of changes in Long-Term Debt for the Component Units:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Community Impact Board	<u>435,000</u>	<u>-</u>	<u>34,000</u>	<u>401,000</u>

NOTE 7 - MUNICIPAL BUILDING AUTHORITY

On May 21, 2001, the County Commissioners approved a resolution to create a Municipal Building Authority for Wayne County, Utah and approved the forms of articles of incorporation and bylaws relating thereto, and authorized the appropriate officers, the County Commissioners, to take all necessary action in connection with the new Building Authority. The Municipal Building Authority is treated as a blended component unit of the County.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 8 - CLASS "B" ROADS

The following is a schedule of changes in Class "B" Roads:

Balance - Beginning of Year	<u>276,464</u>
Receipts:	
Class "B" Allotments	889,648
State Grant	36,190
Interest	7,000
Sundry	<u>2,844</u>
Total Receipts	<u>935,682</u>
Disbursements:	
Construction and Maintenance	681,370
Administrative Costs	50,000
Capital Outlay	89,702
Debt Service:	
Principal	157,000
Interest	<u>13,445</u>
Total Disbursements	<u>991,517</u>
Balance - End of Year	<u><u>220,629</u></u>

NOTE 9 - SPECIAL REVENUE T. V. FUND

The following is a schedule of changes in the Special Revenue TV. Fund:

Balance - Beginning of Year	<u>76,193</u>
Receipts:	
Fees	<u>40,617</u>
Disbursements:	
Salaries and Wages	3,000
Employee Benefits	12,897
Equipment, Supplies and Maintenance	11,068
Utilities	4,247
Capital Outlay	<u>10,380</u>
Total Disbursements	<u>41,592</u>
Balance - End of Year	<u><u>75,218</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 10 - PENSION PLAN

Local Governmental - Cost Sharing

Plan description:

Wayne County contributes to the Local Governmental Noncontributory Retirement System and Public Safety Other Division A Contributory Retirement System for employers with Social Security Coverage both of which are cost-sharing multiple-employer defined benefit pension plans Administered by the Utah Retirement System (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong: 12.29% to the Public Safety Other Division A Contributory Retirement System. Wayne County is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory and 7.95% to the Public Safety Other Division A Contributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Wayne County contributions to the various systems for the years ending December 31, 2005, 2004 and 2003 respectively were; for the Noncontributory System, \$49,493.33, \$45,109.19 and \$35,967.55; and for the Public Safety Other Division A Noncontributory, \$25,034.44, \$23,277.26 and \$13,987.21 respectively. The contributions were equal to the required contributions for each year.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$50,000,000 and \$250,000 for liability to a limit of \$750,000 with a combined excess aggregate of \$1,000,000 to 1,350,000. The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

In 2005 the County provided medical and health through a policy with Public Employees Health Plan (PEHP) of Utah. The maximum out-of-pocket expense per person per year is \$1,000 or \$2,000 per family per year.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 12 - INDIVIDUAL COMPONENT UNIT DISCLOSURES

Wayne County has two component units which are described below:

Governmental Fund Types:

Wayne County Special Service District #1:

The purpose of the District is to provide improvements in roads, public health, hospitals, recreation and other areas as provided by law.

Wayne County Sanitation Special Service District:

The District provides garbage and sanitation services within the County.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE 13 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)

Condensed financial statements for the discretely presented component units for the year ended December 31, 2005, follows:

Governmental Fund Type:

	Wayne County Special Service District #1	Wayne County Sanitation Special Service District	Total
Condensed Balance Sheet:			
Current Assets	584,211	286,458	870,669
Property and Equipment	-	438,451	438,451
Total Assets	<u>584,211</u>	<u>724,909</u>	<u>1,309,120</u>
Liabilities:			
Revenue Bonds Payable	-	401,000	401,000
Total Liabilities	-	401,000	401,000
Fund Equity	<u>584,211</u>	<u>323,909</u>	<u>908,120</u>
Total Liabilities and Fund Equity	<u>584,211</u>	<u>724,909</u>	<u>1,309,120</u>

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances For Component Units That Use Governmental Fund Accounting:

Revenues	249,106	320,782	569,888
Current Expenditures	(242,622)	(232,331)	(474,953)
Capital Outlay	-	(178,740)	(178,740)
Debt Service	-	(47,050)	(47,050)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>6,484</u>	<u>(137,339)</u>	<u>(130,855)</u>

Condensed Statement of Changes in Capital Assets for Component Units that Use Governmental Fund Accounting:

Capital Assets:			
Beginning of Year	-	332,093	332,093
Additions	-	106,358	106,358
Deletions	-	-	-
End of Year	<u>-</u>	<u>438,451</u>	<u>438,451</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**WAYNE COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2005

Percentage of Lane-Miles in Good or Better Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved	95	93	91
Gravel	95	94	93
Dirt (Native)	90	88	92
Bridges	90	90	90
Overall System	90	91	92

Percentage of Lane-Miles in Substandard Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved	5	4	5
Gravel	5	5	6
Dirt (Native)	10	12	10
Bridges	10	10	10
Overall System	10	8	7

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved:			
Needed	178,000	185,000	320,000
Actual	175,000	180,000	315,000
Gravel:			
Needed	289,000	300,000	300,000
Actual	280,000	290,000	310,000
Dirt (Native):			
Needed	356,000	365,000	350,000
Actual	345,000	370,000	325,000
Overall System:			
Needed	820,000	850,000	970,000
Actual	800,000	840,000	950,000
Difference	<u>(20,000)</u>	<u>(10,000)</u>	<u>(20,000)</u>

The condition of road pavement is measured using the American...(AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. Condition assessments are determined every year.

This schedule only presents the information for 2003, 2004 and 2005. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2003, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, January 1	539,975	539,975	539,975	-
Resources (Inflows):				
Property Taxes	357,250	357,250	481,213	123,963
Fee-In-Lieu	39,000	39,000	67,283	28,283
Sales Taxes	198,000	198,000	202,536	4,536
Transient Room Tax	98,000	98,000	98,006	6
Restaurant Tax	38,000	38,000	35,008	(2,992)
Licenses and Permits	50,700	50,700	52,274	1,574
Intergovernmental Revenue	659,022	659,022	618,683	(40,339)
Charges for Services	259,200	259,200	265,200	6,000
Fines and Forfeitures	60,000	60,000	69,312	9,312
Interest	12,000	12,000	14,862	2,862
Miscellaneous Revenue	34,650	34,650	34,736	86
Use of Surplus	<u>129,424</u>	<u>129,424</u>	<u>-</u>	<u>(129,424)</u>
Amounts Available for Appropriation	<u>2,475,221</u>	<u>2,475,221</u>	<u>2,479,088</u>	<u>3,867</u>
Charges to Appropriations (Outflows):				
General Government:				
Commission	106,559	106,559	105,579	980
District Court	40,491	40,491	38,562	1,929
J. P. Court	52,789	50,289	50,202	87
Public Defender	9,000	9,000	8,250	750
Data Processing	31,204	29,204	29,180	24
Microfilm and Copy Machine	12,204	9,904	9,857	47
Audit	10,000	10,000	10,000	-
Clerk/Auditor	84,546	80,846	80,752	94
Treasurer/Recorder	87,690	85,190	85,179	11
Attorney	44,250	44,650	44,621	29
Assessor	78,184	76,784	76,763	21
Non-Departmental	40,000	19,500	17,961	1,539
General Government Buildings	108,500	99,500	99,284	216
Elections	18,508	8,508	8,010	498
Planning and Zoning	4,850	2,100	2,054	46
Building Department	41,108	42,108	41,935	173
Education and Community Programs	<u>98,000</u>	<u>98,000</u>	<u>97,292</u>	<u>708</u>
Total General Government	<u>867,883</u>	<u>812,633</u>	<u>805,481</u>	<u>7,152</u>

Continued

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows) Continued:				
Public Safety:				
Law Enforcement	354,694	399,694	399,494	200
Drug Enforcement	2,000	200	200	-
Search and Rescue	12,950	12,950	12,550	400
Fire Departments	54,933	56,183	56,174	9
Animal Control	5,500	5,700	5,700	-
Emergency Management	312,732	352,332	351,976	356
Weed Control	29,776	20,776	20,695	81
Total Public Safety	<u>772,585</u>	<u>847,835</u>	<u>846,789</u>	<u>1,046</u>
Public Health:				
Public/Mental Health	<u>32,000</u>	<u>29,700</u>	<u>29,680</u>	<u>20</u>
Parks and Recreation:				
Parks and Recreation	2,600	2,600	2,509	91
Swimming Pool	51,030	40,030	39,870	160
Library	<u>45,000</u>	<u>45,000</u>	<u>44,647</u>	<u>353</u>
Total Parks and Recreation	<u>98,630</u>	<u>87,630</u>	<u>87,026</u>	<u>604</u>
Conservation and Economic Development:				
Airport	27,850	19,950	19,929	21
Extension Services	40,658	38,658	36,269	2,389
Cloud Seeding	500	500	500	-
County Fair and State Fair	8,750	11,950	11,911	39
Economic Development	68,322	68,322	31,544	36,778
Distance Education	<u>18,068</u>	<u>18,068</u>	<u>15,898</u>	<u>2,170</u>
Total Conservation and Economic Development	<u>164,148</u>	<u>157,448</u>	<u>116,051</u>	<u>41,397</u>
Total Charges to Appropriations	<u>1,935,246</u>	<u>1,935,246</u>	<u>1,885,027</u>	<u>50,219</u>
Budgetary Fund Balance - December 31	<u>539,975</u>	<u>539,975</u>	<u>594,061</u>	<u>54,086</u>

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, January 1	276,463	276,463	276,463	-
Resources (Inflows):				
Class B Road Allotment	910,000	910,000	889,648	(20,352)
Interest	7,000	7,000	7,000	-
Intergovernmental	-	-	36,190	36,190
Miscellaneous	-	-	2,843	2,843
Use of Surplus	<u>178,550</u>	<u>178,550</u>	<u>-</u>	<u>(178,550)</u>
Amounts Available for Appropriation	<u>1,372,013</u>	<u>1,372,013</u>	<u>1,212,144</u>	<u>(159,869)</u>
Charges to Appropriations (Outflows):				
County Roads	<u>1,095,550</u>	<u>1,095,550</u>	<u>991,516</u>	<u>104,034</u>
Total Charges to Appropriations	<u>1,095,550</u>	<u>1,095,550</u>	<u>991,516</u>	<u>104,034</u>
Budgetary Fund Balance - December 31	<u><u>276,463</u></u>	<u><u>276,463</u></u>	<u><u>220,628</u></u>	<u><u>(55,835)</u></u>

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	1,520	1,520	1,520	-
Resources (Inflows):				
Interest	-	-	11,812	11,812
Intergovernmental	-	-	600,000	600,000
Miscellaneous	<u>13,000</u>	<u>13,000</u>	<u>18,016</u>	<u>5,016</u>
Amounts Available for Appropriation	<u>14,520</u>	<u>14,520</u>	<u>631,348</u>	<u>616,828</u>
Charges to Appropriations (Outflows):				
Debt Service	6,000	6,000	12,173	(6,173)
Other	-	-	198	(198)
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>421,273</u>	<u>(414,273)</u>
Total Charges to Appropriations	<u>13,000</u>	<u>13,000</u>	<u>433,644</u>	<u>(420,644)</u>
Budgetary Fund Balance - December 31	<u><u>1,520</u></u>	<u><u>1,520</u></u>	<u><u>197,704</u></u>	<u><u>196,184</u></u>

**WAYNE COUNTY
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Year Ended December 31, 2005

	<u>General Fund</u>	<u>Class B Road</u>	<u>Municipal Building Authority</u>
Sources/Inflows and Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	2,479,088	1,212,144	631,348
Differences - Budget to GAAP:			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(539,975)	(276,463)	(1,520)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	-	-	-
Bond proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes but are other financing sources.	-	-	(200,000)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>1,939,113</u>	<u>935,681</u>	<u>629,828</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	1,885,027	991,516	433,644
Differences - Budget to GAAP:			
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	-	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>1,885,027</u>	<u>991,516</u>	<u>433,644</u>

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is used to assist in formatting, for easier reading)

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

(This page contains no information and
is used to assist in formatting, for easier reading)

WAYNE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For The Year Ended December 31, 2005

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
PROPERTY TAX FUND				
ASSETS				
Cash	105,583	1,744,690	1,874,691	(24,418)
Taxes Receivable	8,824	36,370	8,824	36,370
TOTAL ASSETS	<u>114,407</u>	<u>1,781,060</u>	<u>1,883,515</u>	<u>11,952</u>
LIABILITIES				
Collections Payable	1,091	260,468	235,614	25,945
Due to Taxing Units	113,316	1,460,308	1,587,617	(13,993)
TOTAL LIABILITIES	<u>114,407</u>	<u>1,720,776</u>	<u>1,823,231</u>	<u>11,952</u>
CLERK'S TRUST FUND				
ASSETS				
Cash	2,434	10,376	10,367	2,443
LIABILITIES				
Deposits Payable	2,434	10,376	10,367	2,443
JUSTICE COURT				
ASSETS				
Cash	95	8,560	5,592	3,063
LIABILITIES				
Collections Payable	95	8,560	5,592	3,063
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	108,112	1,763,626	1,890,650	(18,912)
Taxes Receivable	8,824	36,370	8,824	36,370
TOTAL ASSETS	<u>116,936</u>	<u>1,799,996</u>	<u>1,899,474</u>	<u>17,458</u>
LIABILITIES				
Collections Payable	1,186	269,028	241,206	29,008
Due to Taxing Units	113,316	1,460,308	1,587,617	(13,993)
Deposits Payable	2,434	10,376	10,367	2,443
TOTAL LIABILITIES	<u>116,936</u>	<u>1,739,712</u>	<u>1,839,190</u>	<u>17,458</u>

**WAYNE COUNTY
TREASURER'S TRUST FUND
BALANCE SHEET**

December 31, 2005

ASSETS:

Cash in Savings	(54,768)
Cash at PTIF	30,350
Taxes Receivable	<u>36,370</u>
TOTAL ASSETS	<u><u>11,952</u></u>

LIABILITIES:

Collection Payable	25,945
Due to Taxing Units	<u>(13,993)</u>
TOTAL LIABILITIES	<u><u>11,952</u></u>

WAYNE COUNTY
COUNTY TREASURER
CURRENT YEARS TAXABLE VALUES

December 31, 2005

TAXING UNITS		Real Property and Centrally Assessed Values	Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
County Funds:								
General		152,770,335	.002018	308,291	4,508,147	.002014	9,079	317,370
State Assessing/Collecting		152,770,335	.000173	26,429	4,508,147	.000180	811	27,241
Local Assessing/Collecting		152,770,335	.000300	45,831	4,508,147	.000133	600	46,431
Total County Funds				380,551			10,490	391,041
Wayne County School District		152,770,335	.004772	729,020	4,508,147	.004846	21,846	750,867
Cities and Towns:								
Bicknell		10,640,160	.000297	3,160	875,643	.000305	267	3,427
Loa		17,163,225	.000305	5,235	843,028	.000305	257	5,492
Lyman		5,821,390	.000465	2,707	80,272	.000462	37	2,744
Torrey		11,098,585	.000247	2,741	256,054	.000250	64	2,805
Hanksville		4,844,880	.001108	5,368	256,149	.001057	271	5,639
Total Cities and Towns				19,211			896	20,107
Water Conservancy District		152,770,335	.000042	6,416	4,508,147	.000042	189	6,606
GRAND TOTALS				1,135,199			33,422	1,168,621

**WAYNE COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2005

TAXING UNITS	Current Years Taxes			
	<u>Taxes Charged</u>	<u>Treasurer's Relief</u>		
		<u>Unpaid Taxes</u>	<u>Abatements</u>	<u>Other</u>
County Funds:				
General	<u>317,370</u>	<u>17,725</u>	<u>4,024</u>	<u>6,287</u>
Assessing and Collecting - State	<u>27,241</u>	<u>1,520</u>	<u>345</u>	<u>133</u>
Assessing and Collecting - Local	<u>46,431</u>	<u>2,635</u>	<u>598</u>	<u>168</u>
Wayne County Water Conservancy District	<u>6,606</u>	<u>369</u>	<u>84</u>	<u>41</u>
Wayne County School District	<u>750,867</u>	<u>41,913</u>	<u>9,515</u>	<u>5,196</u>
Towns:				
Bicknell	3,427	86	75	(4)
Loa	5,492	72	153	105
Lyman	2,744	159	114	18
Torrey	2,805	33	103	55
Hanksville	<u>5,639</u>	<u>800</u>	<u>87</u>	<u>105</u>
Total Towns	<u>20,107</u>	<u>1,150</u>	<u>532</u>	<u>279</u>
GRAND TOTALS	<u><u>1,168,622</u></u>	<u><u>65,312</u></u>	<u><u>15,098</u></u>	<u><u>12,104</u></u>

Current Years Taxes			Other Collections			
<u>Total Treasurer's Relief</u>	<u>Taxes Collected</u>	<u>Percent Collected</u>	<u>Fee In Lieu</u>	<u>Miscellaneous Collections</u>	<u>Delinquencies</u>	
					<u>Tax</u>	<u>Penalty/ Interest</u>
<u>28,036</u>	<u>289,334</u>	<u>91.17%</u>	<u>67,283</u>	<u>10,680</u>	<u>18,223</u>	<u>4,961</u>
<u>1,998</u>	<u>25,243</u>	<u>92.67%</u>	<u>6,013</u>	<u>913</u>	<u>1,731</u>	<u>74</u>
<u>3,401</u>	<u>43,030</u>	<u>92.68%</u>	<u>4,443</u>	<u>689</u>	<u>1,281</u>	<u>55</u>
<u>494</u>	<u>6,112</u>	<u>92.52%</u>	<u>1,669</u>	<u>217</u>	<u>404</u>	<u>17</u>
<u>56,624</u>	<u>694,243</u>	<u>92.46%</u>	<u>160,462</u>	<u>25,006</u>	<u>46,594</u>	<u>1,983</u>
157	3,270	95.42%	1,863	134	41	1
330	5,162	93.99%	3,570	206	37	1
291	2,453	89.40%	1,364	91	117	6
191	2,614	93.19%	616	90	87	3
<u>992</u>	<u>4,647</u>	<u>82.41%</u>	<u>1,670</u>	<u>159</u>	<u>771</u>	<u>46</u>
<u>1,961</u>	<u>18,146</u>	<u>90.25%</u>	<u>9,083</u>	<u>680</u>	<u>1,053</u>	<u>57</u>
<u>92,514</u>	<u>1,076,108</u>	<u>92.08%</u>	<u>248,953</u>	<u>38,185</u>	<u>69,286</u>	<u>7,147</u>

**WAYNE COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2005

	<u>Treasurer's Balance December 31, 2004</u>	<u>Tax Collection Receipts</u>	<u>Current Taxes Apportioned</u>	<u>Fee-In-Lieu Apportioned</u>
Tax Collection Accounts:				
Current Years Taxes	-	1,076,108	(1,076,108)	-
Fee-In-Lieu	-	248,953	-	(248,953)
Redemption of Prior Years Taxes	-	86,959	-	-
Special Current Apportionment	-	23,213	-	-
Motor Carrier	-	38,186	-	-
Unapportioned Collections	-	15,674	-	-
Bank Interest	-	1,410	-	-
Penalty and Interest - 60%	921	-	-	-
Advance Payments	-	3,528	-	-
Tax Sale Proceeds	-	5,533	-	-
Refunds	171	2,237	-	-
Sanitation	-	144,743	-	-
Television	-	38,117	-	-
Forest Reserve	-	36,114	-	-
Total	<u>1,092</u>	<u>1,720,775</u>	<u>(1,076,108)</u>	<u>(248,953)</u>
Taxing Units:				
County General Fund	-	-	289,334	67,283
Assessing and Collecting - State	-	-	25,243	6,013
Assessing and Collecting - Local	-	-	43,030	4,443
Wayne Co. Water Conservancy Dist.	946	-	6,112	1,669
Wayne County School District	109,088	-	694,243	160,462
Towns:				
Bicknell	483	-	3,270	1,863
Loa	853	-	5,162	3,570
Lyman	321	-	2,453	1,364
Torrey	421	-	2,614	616
Hanksville	1,204	-	4,647	1,670
Total Due Taxing Units	<u>113,316</u>	<u>-</u>	<u>1,076,108</u>	<u>248,953</u>
GRAND TOTALS	<u>114,408</u>	<u>1,720,775</u>	<u>-</u>	<u>-</u>

<u>Miscellaneous Collections Appropriated</u>	<u>Special Apportionment</u>	<u>Delinquent Taxes and Interest Appropriated</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2005</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(86,959)	-	-	-
-	(23,213)	-	-	-	-
(38,186)	-	-	-	-	-
-	-	-	15,674	-	15,674
-	-	-	1,410	-	1,410
-	-	-	921	921	-
-	-	-	3,528	-	3,528
-	-	-	5,533	200	5,333
-	-	-	2,408	2,408	-
-	2,000	8,575	155,318	155,318	-
-	585	1,951	40,653	40,653	-
-	-	-	36,114	36,114	-
<u>(38,186)</u>	<u>(20,628)</u>	<u>(76,433)</u>	<u>261,559</u>	<u>235,614</u>	<u>25,945</u>
10,680	6,644	23,183	397,124	397,124	-
2,387	448	1,805	35,896	35,896	-
4,213	776	1,336	53,798	53,798	-
186	109	421	9,443	9,290	153
19,975	12,347	48,577	1,044,692	1,061,069	(16,377)
157	-	42	5,815	5,748	67
169	6	38	9,798	9,763	35
88	38	124	4,388	4,321	67
155	44	90	3,940	3,839	101
176	216	817	8,730	6,769	1,961
<u>38,186</u>	<u>20,628</u>	<u>76,433</u>	<u>1,573,624</u>	<u>1,587,617</u>	<u>(13,993)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835,183</u>	<u>1,823,231</u>	<u>11,952</u>

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is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wayne County as and for the year ended December 31, 2005, which collectively comprise Wayne County's basic financial statements and have issued our report thereon dated May 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Board of County Commissioners
Wayne County
Page -2-

We noted certain matters that we reported to the management of Wayne County in a separate letter dated May 1, 2006.

This report is intended solely for the information and use of the audit committee, management, County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 1, 2006
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wayne County, for the year ended December 31, 2005, and have issued our report thereon dated May 1, 2006. As part of our audit, we have audited Wayne County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Wayne County's financial statements.)

Airport (Department of Transportation)
Fire Department Assistance Grant (Department of Natural Resources)
Library Grant (Department of Community and Economic Development)
Bookmobile Grant (Department of Community and Economic Development)
Fire Department Grants (Department of Forestry)
EMS (Department of Public Safety)
Predator Control (Department of Agriculture)
Addressing Grant (Department of Public Safety)
Mineral Lease (Department of Community and Economic Development)
Distance Ed (Board of Regents)
Smart Site (Department of Community and Economic Development)
Sheriff OT Grant (Department of Public Safety)
Search and Rescue (Department of Public Safety)
Citizen Corp (Department of Public Safety)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds

Other General Issues
Uniform Building Code Standards
Statement of Taxes Charged
Collected & Disbursed
Assessing and Collecting of
Property Taxes
Transient Room Tax

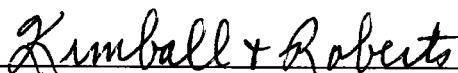
The Honorable Board of County Commissioners
Wayne County
Page -2-

The management of Wayne County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Wayne County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 1, 2006
Richfield, Utah

**WAYNE COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2005**

Kimball & Roberts

Certified Public Accountants
A Professional Corporation

Box 663
Richfield, Utah 84701
Phone 896-6488

May 1, 2006

Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

During our audit of the funds of Wayne County for the year ended December 31, 2005, we noted a few areas needing corrective action in order for the County to be in compliance with state laws and regulations. These items are discussed below for your consideration.

COMPLIANCE:

Cash Management - Deposits

Utah Code 51-4-2(2) requires that all public funds be deposited daily, whenever practicable, but not later than three business days after receipt.

Finding:

During our tests of cash receipts in the Justice Court and the Treasurer's office we noted that receipts are not always being deposited within three days of receipt.

Recommendation:

We recommend that all receipts be deposited daily, whenever practicable, but not later than three business days after receipt.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Purchasing Requirements

Counties, municipalities and interlocal agencies created by counties and municipalities are required to adopt purchasing policies and procedures. These entities must comply with these policies and procedures when procuring supplies, services and construction.

Finding:

During our tests of purchasing requirements we noted that the policies and procedures for the County need to be updated to include the provisions recommended by the State.

Recommendation:

We recommend that the County adopt purchasing policies and procedures that include the provisions recommended by the State for purchases of supplies, services and construction.

Management Response:

A draft purchasing policy has been presented to the County Commission and a decision to adopt the policy will be forthcoming.

Budgetary Compliance – Advertising Public Hearing

The governing body of the County is required to establish the time and place of the public hearing to consider the adoption of the budget and to publish notice of the hearing at least seven days prior to the hearing in at least one issue of a newspaper of general circulation published within the County's jurisdiction.

Finding:

We noted that the public hearing for the adoption of the budget for 2005 was not advertised for at least seven days before the hearing.

Recommendation:

We recommend that the County advertise the public hearing for the adoption of the budget at least seven days prior to the public hearing.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Budgetary Compliance – Adopting Budget

The governing body of the County is required to adopt a budget, by resolution or ordinance, for the ensuing year for each fund requiring a budget. The budget should be adopted by the date provided by law.

Finding:

We noted during the audit of budgetary compliance that a budget was not adopted for the Municipal Building Authority fund.

Honorable Board of County Commissioners
Wayne County
Page -3-

Recommendation:

We recommend that the commission adopt a budget for the Municipal Building Authority for the ensuing year. If it has not been completed to date, a public hearing should be held and a budget adopted for the Municipal Building Authority.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Wayne County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl